

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07 INT-05

L-03 NSAE-00 NSC-05 OMB-01 PM-03 USIA-06 SAM-01

OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-03 FEA-01 /088 W

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R 221718Z JUL 75

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 9823

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E.O. 11652: NA

TAGS: EGEN CO

SUBJECT: GOC SETS NEW PRICE FOR GAS IN GUAJIRA FIELD

1. IN RESOLUTION DATED JULY 10 GOC ESTABLISHED NEW PRICES FOR NON-ASSOCIATED GAS IN THE GUAJIRA. GAS IN THE TEXACO ECOPETROL GUAJIRA FIELDS WILL BE SOLD TO THE RIOHACHA ELECTRIC COMPANY AT U.S. 50 CENTS A MILLION CUBIC FEET. ALL OTHER PRODUCTION WILL BRING U.S. 80 CENTS MF. SEVENTY FIVE PERCENT OF THE PAYMENT WILL BE MADE IN DOLLARS AND TWENTY FIVE IN PESOS AT THE OFFICIAL EXCHANGE RATE.

2. MANAGER OF TEXACO WILL APPEAL THE 50 CENTS PRICE BUT COMMENTED THAT TEXACO IS SATISFIED WITH THE REST OF THE RESOLUTION. RIOHACHA CONSUMPTION NOT LARGE BUT IS IMPORTANT BECAUSE IT IS ONLY MARKET NOT DEPENDANT UPON ADDITIONAL LARGE INVESTMENTS SUCH AS PIPE LINE AND AMMONIA PLANTS.

WHILE 50 CENTS IS BEING APPEALED THIS RESOLUTION TAKES THE PROJECT A LARGE STEP FORWARD. TEXACO HOPES PROJECT CAN BEGIN IN 1976. TEXACO'S PLANS FOR ASSOCIATED INVESTMENTS WILL DEPEND ON RESULTS OF ONGOING ON AND OFF SHORE GAS EXPLORATION. IF PROVEN RECOVERABLE RESERVES IN THE GUAJIRA REACH 3.5 TO
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4 TRILLION CUBIC FEET LNG BECOMES FEASIBLE AND IF EXPLORATION

NEAR CARTAGENA SUCCESSFULLY FINDS PRODUCIBLE GAS FOR THE
BARRANQUILLA MARKET, THE PIPELINE FROM GUAJIRA FIELDS TO
BARRANQUILLA MIGHT NOT BE BUILT. TEXACO BELIEVES CURRENT
EXPLORATION WILL YIELD THE INFORMATION ON RESERVES BY EARLY
1976 SO THAT PLANS SHOULD BE DEFINITE BY MID YEAR. THE
ALTERNATIVE DEVELOPMENTS REPRESENT CONSIDRABLY DIFFERENT
LEVELS OF INVESTMENT, AN LNG PLANT ALONE REQUIRING NEARLY
A BILLION \$U.S.
VAKY

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Message Attributes

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Disposition Approved on Date:
Disposition Authority: GolinoFR
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Disposition Date: 28 MAY 2004
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Disposition History: n/a
Disposition Reason:
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Margaret P. Grafeld
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